



3/18/2021

The Honorable Chair Lesser, Chair Wood
Insurance and Real Estate Committee
Connecticut State Capitol
210 Capitol Ave.
Hartford CT 06106

RE: HB 6622 AN ACT CONCERNING PRESCRIPTION DRUG FORMULAIRES AND LISTS OF COVERED DRUGS (Mid Year Formulary Changes); Oppose

Chair Lesser, Chair Wood, Members of the Committee,
On behalf of the Pharmaceutical Care Management Association (PCMA), I am writing you to provide our comments regarding HB 6622 (Mid-year formulary changes). PCMA is the national association representing pharmacy benefit managers (PBMs), which administer prescription drug plans for millions of Americans with health coverage provided through large and small employers, health plans, labor unions, state and federal employee-benefit plans, and government programs.

PBMs exist to make drug coverage more affordable by aggregating the buying power of millions of enrollees through their plan sponsor/payer clients. PBMs help consumers obtain lower prices for prescription drugs through price discounts from retail pharmacies, rebates from pharmaceutical manufacturers, and using lower-cost dispensing channels. Though employers, health plans, and public programs are not required to use PBMs, most choose to because PBMs help lower the costs of prescription drug coverage.

HB 6622 would restrict the ability to make formulary changes during the contract year. By mandating coverage for specific drugs—regardless of the availability of effective, more affordable alternatives—HB 6622 will increase health care costs for employers and individuals in the form of higher health insurance premiums and higher drug prices. This type of policy would cost Connecticut health care payers \$70 million over five-years.¹ PBMs help employers, insurers, and public health programs provide their members access to safe, effective, and affordable medications, but pricing in the drug market is volatile, and there are few tools to incent drug manufacturers to reduce prices. Formulary placement and financial incentives (i.e., lower cost sharing) to use lower-cost generics and brand alternatives are among those tools. This bill threatens these cost saving mechanisms. If specific drugs are mandated to be covered, brand drug manufacturers have no incentive to provide price concessions on their drugs to make them more affordable for patients. All market forces to drive down the cost of drugs will be eliminated.

¹ "Estimated Cost of Potential 'Frozen Formulary' Legislation, Fully-Insured Commercial Payer Impact, 2017-2021," Milliman, Sept. 2017.



For example, if this type of proposal had been in effect when hepatitis C drugs Sovaldi, Harvoni, and other competitors came to market, health insurers and PBMs would not have had the leverage to negotiate the deep discounts—around 40% off the list price—on these very expensive drugs in exchange for placement on the formulary as the preferred drug.

Although health plans use formularies, if a patient needs to access a non-formulary drug, health plans and PBMs have in place appeals processes for patients to request coverage. The health plan or PBM works with a patient and his or her provider to provide access to non-formulary drugs where medically necessary and/or likely to create the best outcome.

In the interest of Connecticut patients and payers, it is for these problematic provisions noted above that we must respectfully oppose HB 6622. Given the unique environment millions of Connecticut citizens and thousands of plan sponsors find themselves in, now is not the time to increase the cost of providing reliable and affordable access to prescription drugs.

Sam Hallemeier

A handwritten signature in black ink, appearing to read "Sam Hallemeier".

Director, State Affairs

¹ "Estimated Cost of Potential 'Frozen Formulary' Legislation, Fully-Insured Commercial Payer Impact, 2017-2021," Milliman, Sept. 2017.